

DOCKET FILE COPY ORIGINAL

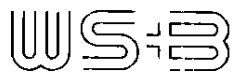
WithumSmith+Brown  
A Professional Corporation  
Certified Public Accountants and Consultants

CC# 42-237

RECEIVED

OCT 15 2002

Federal Communications Commission  
Office of Secretary



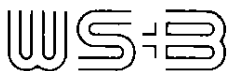
**NORTH AMERICAN BILLING  
AND COLLECTION, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2002**

**NORTH AMERICAN BILLING AND COLLECTION, INC.**  
**CONTENTS TO FINANCIAL STATEMENTS**  
**JUNE 30.2002**

Independent Auditors' Report	1
Statement of Financial Position June 30,2002	2
Statement of Activities For the year ended June 30, 2002	3
Statement of Cash Flows For the year ended June 30,2002	4
Notes to Financial Statements	5-8



WithumSmith+Brown  
A Professional Corporation  
Certified Public Accountants and Consultants

100 Overlook Center  
Princeton, New Jersey 08540 USA  
609 520 1188 • Fax 609 520 9882  
www.wsb.com

Additional Offices in New Jersey  
and Pennsylvania

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of North American Billing and Collection, Inc.:

We have audited the accompanying statement of financial position of the North American Billing and Collection, Inc. ("NBANC"), as of June 30, 2002 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of NBANC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NBANC as of June 30, 2002, and the statements of activities and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in dark ink, appearing to read 'WithumSmith+Brown', followed by a horizontal line.

August 16, 2002

**NORTH AMERICAN BILLING AND COLLECTION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2002**  
**(IN THOUSANDS)**

**ASSETS**

Cash and cash equivalents (Unrestricted)	\$ 31
Restricted net assets applicable to NANP Administration Fund	<u>7,436</u>

<b>TOTAL ASSETS</b>	<b><u>\$ 7,467</u></b>
---------------------	------------------------

**LIABILITIES AND NET ASSETS**

Accrued expenses	\$ 31
Restricted fund balance applicable to NANP Administration Fund	<u>7,436</u>

<b>Total Liabilities</b>	<b><u>7,467</u></b>
--------------------------	---------------------

<b>NET ASSETS</b>	<b><u>\$ --</u></b>
-------------------	---------------------

The Notes to Financial Statements are an integral part of this statement

NORTH AMERICAN BILLING AND COLLECTION, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2002  
(IN THOUSANDS)

Net Assets Applicable to NANP Administration Fund Removed from Restriction	\$ 325
Expenses	
Audit and accounting fees	29
Contractual administrative charges	289
General and administrative charges	<u>7</u>
Total Expenses	<u>325</u>
Net Increase in Net Assets	--
Net Assets – Beginning of Year	<u>--</u>
Net Assets – End of Year	<u>\$ --</u>

The Notes to Financial Statements are an integral part of this statement

**NORTH AMERICAN BILLING AND COLLECTION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2002**  
**(IN THOUSANDS)**

Cash Flows from Operating Activities.	
Net assets applicable to NANP Administration Fund removed from restriction	\$ 325
Cash paid for administrative costs	<u>(340)</u>
Net Cash Used for Operating Activities	(15)
Cash and Cash Equivalents, Beginning of Year	<u>46</u>
Cash and Cash Equivalents, End of Year	<u>\$ 31</u>
Reconciliation of Net Cash Provided by Operating Activities:	
Net increase in fund balance	\$ --
Changes in Assets and Liabilities.	
(Increase) in restricted net assets applicable to NANP Administration Fund	(1,248)
(Decrease) in accrued expenses	(15)
Increase in restricted fund balance applicable to NANP Administration Fund	<u>1,248</u>
Net Cash Used for Operating Activities	<u>\$ (15)</u>

The Notes to Financial Statements are an integral part of this statement

**NORTH AMERICAN BILLING AND COLLECTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**(IN THOUSANDS)**

**Note 1 -General:**

On August 8, 1996, the Federal Communications Commission ("FCC") adopted rules that require all providers of telecommunications services to contribute to the funding of the administration of the North American Numbering Plan ("NANP") based on their proportionate share of gross U.S. based international, interstate, and intrastate telecommunications services revenue less any payments made to other telecommunications carriers for telecommunications facilities and services used to provide telecommunications services.

On July 14, 1999 the FCC changed the NANP Administration Fund contribution base to total end user revenues, through Docket No 98-171. Canadian and Caribbean countries contribute to the funding based on population, adjusted by numbering services performed by these countries. The NANP is the basic numbering scheme permitting interoperable telecommunications service within the United States, Canada, Bermuda and most of the Caribbean.

The National Exchange Carrier Association, Inc ("NECA") is a not-for-profit corporation located in Whippany, New Jersey established by the FCC in 1983 to administer access service tariffs and revenue pools for local exchange carriers. On October 9, 1997, the FCC released an Order directing NECA to create an independently functioning not-for-profit subsidiary. North American Billing and Collection, Inc. ("NBANC"), through which it will administer the NANP billing and collection function. In January 1998, the FCC confirmed NECA to be the North American Numbering Plan Administrator ("NANPA") Billing and Collection Agent to administer the support mechanism for recovering the costs of the NANP administration.

NBANC calculates, assesses, bills and collects payments for numbering administration functions, and distributes funds through the NANP Administration Fund (the "Fund"). NBANC is governed by a board of directors, which includes a board representation from the NANP community including international representation. NBANC's exclusive contract expires on February 28, 2003.

In December 1999, the division of Lockheed Martin that administered the NANP was sold to Warburg Pincus and is now known as Neustar. NBANC pays Neustar, monthly, as the NANPA. NBANC also pays Neustar as the pooling administrator when NBANC receives bills approved for payment from the FCC.

The NANP Administration Fund has paid MITRE Corporation at the direction of the FCC for consulting activities associated with the Plan Administrator Bid Process and Contract, and the NANPA Agreement and Rebid

Included in the financial statements are the results of both NBANC and the Fund.

**Note 2 – Summary of Significant Accounting Policies:**

**A. Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting for the year ended June 30, 2002.

**B. Cash and Cash Equivalents**

NBANC considers all highly liquid securities, purchased with maturity of three months or less, to be cash equivalents. Surplus funds of NBANC are invested in two money market funds maintained by Dreyfus Service Corporation and Mellon Bank. Interest is credited to NBANC when earned and the interest rate for the year ended June 30, 2002 averaged 2.5%.

The Fund maintains its cash balances at one financial institution, which may at times exceed amounts insured by the Federal Deposit Insurance Corporation. Since these are high quality financial institutions, management does not believe the Fund is exposed to any significant credit risk on its cash balances

Included in restricted net assets is \$8,182 of cash and cash equivalents



NORTH AMERICAN BILLING AND COLLECTION, INC.  
NOTES TO FINANCIAL STATEMENTS  
(INTHOUSANDS)

Note 2 – Summary of Significant Accounting Policies (Cont'd):

C. Net Assets Applicable to NANP Administration Fund Removed from Restriction

Net assets removed from restriction represents amounts transferred out of the Fund to calculate, assess, bill and collect payments for numbering administrative functions

D. Administrative Costs

NECA performs administrative services for NBANC under contract whereby NECA is compensated for all services including. employees, rent, insurance, utilities, income taxes and computer services, through a fixed fee arrangement, NBANC owns no fixed assets. NBANC is billed monthly by NECA for the services rendered. NBANC was billed approximately \$289 by NECA for the year ended June 30, 2002.

E. Income Taxes

NBANC is a not-for-profit organization subject to income taxes related to permanent and temporary timing differences. Income taxes for the period are immaterial and included as a component of administrative costs.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 – NANP Administration Fund Summary Financial Information:

Statement of Financial Position

June 30, 2002

Assets

Cash and cash equivalents (Restricted)	\$ 8,182
Receivable from contributors, net of allowance for doubtful accounts of \$137	3
Receivable from contributors - unbilled	4,985
Interest receivable	--
Total Assets	<u>13,170</u>

Liabilities

Unearned revenue	4,985
Due to contributors	24
Accrued expenses	725
Total Liabilities	<u>5,734</u>

Restricted net assets applicable to NANP Administration Fund	<u>\$ 7,436</u>
--	-----------------

**NORTH AMERICAN BILLING AND COLLECTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**(IN THOUSANDS)**

**Note 3 – NANP Administration Fund Summary Financial Information (Cont'd):**

**Statement of Changes in Fund Balance**

For the year ended June 30, 2002

Additions to fund balance	
Amounts billed to contributors	\$ 10,085
Interest income	<u>229</u>
Total additions	10,314
Deductions from fund balance	
Amounts paid and due to service providers	8,604
Administrative costs	289
Bad debt expense	137
Board of directors and other corporate expenses	<u>36</u>
Total deductions	<u>9,066</u>
Net change in fund balance	1,248
Fund balance, Beginning of year	<u>6,188</u>
Fund balance, End of Year	<u>\$ 7,436</u>

**Statement of Cash Flows**

For the year ended June 30, 2002

Cash flow from operating activities	
Cash received from contributors	\$ 10,290
Cash paid for program expenses	(7,913)
Cash paid for administrative costs	(289)
Cash paid for other corporate expenses	(36)
Interest received	<u>248</u>
Net cash provided by operating activities	2,300
Cash and cash equivalents (Restricted), beginning of year	<u>5,882</u>
Cash and cash equivalents (Restricted), end of year	<u>\$ 8,182</u>

**NORTH AMERICAN BILLING AND COLLECTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**(IN THOUSANDS)**

**Note 3 – NANP Administration Fund Summary Financial Information (Cont'd):**

**Statement of Cash Flows (Cont'd)**

For the year ended June 30, 2002

Reconciliation of Net Cash Provided by Operating Activities:

Increase in fund balance	\$ 1,240
Changes in Assets and Liabilities:	
Decrease in receivable from contributors	(97)
(Increase) in interest receivable	20
(Decrease) in unearned revenue	414
Increase in due to contributors	24
Increase in accrued expenses	<u>691</u>
Net cash provided by operating activities	<u>\$ 2,300</u>

**Note 4 – Commitments:**

NBANC is responsible for funding the North American Numbering Plan Administrator. NBANC incurred costs of \$8,604 to the NANP Administration for the year ended June 30, 2002

**Note 5 – Concentration of Credit Risk:**

NBANC's contributors are concentrated in the telecommunications industry. NBANC's largest contributor represents 15.73% of fund contributions for the year ended June 30, 2002.